

3/16/11

COMMISSIONERS
 GARY PIERCE, Chairman
 BOB STUMP
 SANDRA D. KENNEDY
 PAUL NEWMAN
 BRENDA BURNS

ERNEST G. JOHNSON
 EXECUTIVE DIRECTOR

ORIGINAL



0000123497

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 Phoenix, AZ 85007
 TELEPHONE: (602) 542-4242
 FAX: (602) 594-7470
 E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Gary Pierce, Chairman
 Bob Stump
 Sandra D. Kennedy
 Paul Newman
 Brenda Burns

Arizona Corporation Commission

DOCKETED

MAR 4 2011

FROM: Matthew J. Neubert *mf*
 Director of Securities

DOCKETED BY

DATE: February 22, 2011

RE: Proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same by King Solomon Mining, LLC, Daniel F. Thompson, Sr. and Robin Ann Thompson and Order to Dismiss Without Prejudice regarding Lisa A. Shackley (S-20776A-10-0501)

CC: Ernest G. Johnson, Executive Director

Attached is a proposed Order to Cease and Desist, Order for Administrative Penalties and Consent to Same by King Solomon Mining, LLC, Daniel F. Thompson, Sr. and Robin Ann Thompson and Order to Dismiss Without Prejudice regarding Lisa A. Shackley. The Order requires King Solomon Mining, LLC, Daniel F. Thompson, Sr. and Robin Ann Thompson to cease and desist their activity and pay an administrative penalty in the amount of \$1,500. The Securities Division has received certified funds.

King Solomon Mining, LLC, Daniel F. Thompson, Sr. and Joseph Shackley (now deceased), began seeking investors over the internet. According to the website, King Solomon Mining, LLC sought to raise \$1.2 million from investors to fund the start-up costs of its mining operation. There are no investors.

Lisa A. Shackley replaced her husband as a member of King Solomon Mining, LLC about nine months after his death. Aside from becoming a member, Mrs. Shackley had no active role in King Solomon Mining, LLC prior to or after her husband's death.

The Securities Division believes this Consent is in the best interest of the public.

Originator: Wendy Coy

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 **COMMISSIONERS**

4 GARY PIERCE, Chairman
5 BOB STUMP
6 SANDRA D. KENNEDY
 PAUL NEWMAN
 BRENDA BURNS

7 In the matter of:

DOCKET NO. S-20776A-10-0501

8 KING SOLOMON MINING, LLC, an
Arizona limited liability company,

DECISION NO. _____

9 DANIEL F. THOMPSON, SR. and ROBIN
10 ANN THOMPSON, husband and wife, and

**ORDER TO CEASE AND DESIST, ORDER
FOR ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME**

11 LISA A. SHACKLEY, an unmarried
individual,

**BY: RESPONDENTS KING SOLOMON
MINING, LLC AND DANIEL F. THOMPSON,
SR. AND ROBIN ANN THOMPSON**

12 Respondents.

**ORDER TO DISMISS WITHOUT
PREJUDICE
RE: RESPONDENT LISA A. SHACKLEY**

15 Respondents KING SOLOMON MINING, LLC and DANIEL F. THOMPSON, SR.
16 (“Respondents”) and ROBIN ANN THOMPSON elect to permanently waive any right to a hearing
17 and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*
18 (“Securities Act”) with respect to this Order To Cease And Desist, Order For Administrative
19 Penalties and Consent To Same (“Order”). Respondents admit the jurisdiction of the Arizona
20 Corporation Commission (“Commission”); neither admit nor deny the Findings of Fact and
21 Conclusions of Law contained in this Order; and consent to the entry of this Order by the
22 Commission.
23

24 **I.**

25 **FINDINGS OF FACT**

26 1. KING SOLOMON MINING, LLC (“KING SOLOMON”), since June 9, 2008, has
been an Arizona limited liability company with an office in Glendale, Arizona.

2. DANIEL F. THOMPSON, SR. ("THOMPSON") is a resident of Glendale, Arizona. THOMPSON is a member of KING SOLOMON.

3. KING SOLOMON and THOMPSON may be referred to collectively as "Respondents."

4. LISA A. SHACKLEY ("SHACKLEY") is a resident of Glendale, Arizona. SHACKLEY is a member of KING SOLOMON.

5. ROBIN ANN THOMPSON (“R. THOMPSON”) at all relevant times has been the spouse of Respondent THOMPSON. R. THOMPSON may be referred to as “Respondent Spouse.” Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

6. At all relevant times, Respondent THOMPSON was acting for his own benefit and for the benefit or in furtherance of his marital community.

III.

FACTS

7. Since at least August of 2010, Respondents operated a website at www.kingsolomonmining.com that stated: “Dear Potential Investor, We are actively seeking enthusiastic investors to assist us in the development of an underground gold/silver mining operation site about 7 miles northeast of Wickenburg, Arizona.” Subsequent to the filing of the Temporary Cease and Desist Order¹, the website was taken down.

8. According to the website, Respondents sought \$1,200,000 to commence operations.

9. According to the website, "The people [co-owner site manager and mining engineer] that are involved in this project all share experiences including a 14 year veteran of underground mining with 27 years of mineral experience in geology, laboratory and assay work."

¹ On December 16, 2010, the Securities Division of the Arizona Corporation Commission filed a Temporary Cease and Desist Order against the Respondents alleging violations of the Arizona Securities Act.

1 10. Respondents planned to repay the investors "in three to six years with a structured
2 arrangement bound by a binding contract TBD." Additionally, according to the website, the
3 amount (\$1,200,000) sought by Respondents from investors "... was assumed to come in the form
4 of a three to six year contracted business loan."

5 11. Respondents asserted that the "financial requirement obtained for [KING
6 SOLOMON] will be guaranteed by the projected proceeds generated from [KING SOLOMON]."

7 12. Respondents stated that the mission of KING SOLOMON was "[t]o engage in the
8 business of Underground Hard Rock Mining of gold and silver. Marketing our refined and
9 unrefined metals to bullion dealers, refineries and the jewelry industry." Respondents stated that
10 one of the keys to success was that the owner would be on site during business hours.

11 13. On or about November 8, 2010, an Arizona resident ("Arizona offeree") contacted,
12 THOMPSON confirmed that they were still seeking investors. The Arizona offeree indicated that
13 he had approximately \$50,000 to invest. THOMPSON told the Arizona offeree that although he
14 sought investors, the proposed \$50,000 was not enough to start the operation. THOMPSON stated
15 that he was looking for an initial investment of \$500,000 of the necessary \$1.2 million to begin
16 operations.

17 14. THOMPSON stated to the Arizona offeree that he was expecting investment funds
18 from potential investors in North Carolina. THOMPSON was referred to the potential North
19 Carolina investors by one of the assayers KING SOLOMON retained.

20 15. THOMPSON further stated that he and his deceased business partner had invested
21 all their own retirement and savings into KING SOLOMON. THOMPSON stated that he and his
22 deceased partner used personal funds to purchase generators, compressors and drills.

23 16. As of December 13, 2010, the applications filed by KING SOLOMON with the
24 Bureau of Land Management were still pending. KING SOLOMON could not actively mine,
25 remove or sell any ore until the Bureau of Land Management approves the applications.
26 THOMPSON did not disclose to the Arizona offeree that the applications were still pending with

1 the Bureau of Land Management and there was not a date certain when those applications would be
2 approved.

3 17. After reviewing the website, a mining official notified THOMPSON, in writing that
4 the official thought the representations made on the KING SOLOMON website may be overly
5 optimistic and that the business analysis contained on the website was "flawed." This information
6 was not disclosed to the Arizona offeree.

7 18. Based on the information contained within the website and the information provided
8 by THOMPSON to the Arizona offeree, it appears that the investors only had to invest money and
9 the management of KING SOLOMON would handle all managerial aspects of the mining
10 operations.

11 19. LISA A. SHACKLEY replaced her husband as a member of KING SOLOMON
12 about nine months after his death. Aside from becoming a member, LISA A. SHACKLEY had no
13 active role in KING SOLOMON prior to or after her husband's death.

14 20. Neither KING SOLOMON nor THOMPSON is registered as a securities dealer or a
15 salesman.

16 II.

17 CONCLUSIONS OF LAW

18 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
19 Arizona Constitution and the Securities Act.

20 2. Respondents offered or sold securities within or from Arizona, within the meaning
21 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

22 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were
23 neither registered nor exempt from registration.

24 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while
25 neither registered as dealers or salesmen nor exempt from registration.

26

5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, or (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

8. Respondent THOMPSON acted for the benefit of his marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this Order of restitution and administrative penalties is a debt of the community.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and ROBIN ANN THOMPSON, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 Respondents KING SOLOMON MINING, LLC and DANIEL F. THOMPSON, SR., individually, and the marital community of Respondents DANIEL F. THOMPSON, SR. and ROBIN THOMPSON, jointly and severally, shall pay an administrative penalty in the amount of \$1,500. Payment is due in full on

1 the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding
2 shall accrue interest as allowed by law.

3 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of
4 default. If any Respondent does not comply with this Order, any outstanding balance may be
5 deemed in default and shall be immediately due and payable.

6 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
7 Commission may bring further legal proceedings against that Respondent, including application to
8 the superior court for an order of contempt.

9 IT IS FURTHER ORDERED that no finding of fact or conclusion of law contained in this
10 Order shall be deemed binding against any Respondent under this Docket Number who has not
11 consented to the entry of this Order.

12 IT IS FURTHER ORDERED that Lisa A. Shackley be dismissed from this action without
13 prejudice.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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5 CHAIRMAN

COMMISSIONER

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7 COMMISSIONER

COMMISSIONER

COMMISSIONER

8
9 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
10 Executive Director of the Arizona Corporation Commission,
11 have hereunto set my hand and caused the official seal of the
12 Commission to be affixed at the Capitol, in the City of
13 Phoenix, this _____ day of _____, 2011.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT

DISSENT

20 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
21 Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

22 (wlc)

CONSENT TO ENTRY OF ORDER

1
2 1. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
3 ANN THOMPSON admit the jurisdiction of the Commission over the subject matter of this
4 proceeding. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN ANN
5 THOMPSON acknowledge that they have been fully advised of their right to a hearing to present
6 evidence and call witnesses and they knowingly and voluntarily waive any and all rights to a
7 hearing before the Commission and all other rights otherwise available under Article 11 of the
8 Securities Act and Title 14 of the Arizona Administrative Code. KING SOLOMON MINING,
9 LLC, DANIEL F. THOMPSON, SR. and ROBIN ANN THOMPSON acknowledge that this Order
10 To Cease And Desist, Order For Administrative Penalties and Consent To Same ("Order")
11 constitutes a valid final order of the Commission.

12 2. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
13 ANN THOMPSON knowingly and voluntarily waive any right under Article 12 of the Securities
14 Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the
15 entry of this Order.

16 3. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
17 ANN THOMPSON acknowledge and agree that this Order is entered into freely and voluntarily and
18 that no promise was made or coercion used to induce such entry.

19 4. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
20 ANN THOMPSON understand and acknowledge that they have a right to seek counsel regarding
21 this Order, and that they have had the opportunity to seek counsel prior to signing this Order.
22 KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN ANN
23 THOMPSON acknowledge and agree that, despite the foregoing, they freely and voluntarily waive
24 any and all right to consult or obtain counsel prior to signing this Order.

25 5. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
26 ANN THOMPSON neither admit nor deny the Findings of Fact and Conclusions of Law contained

1 in this Order. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
2 ANN THOMPSON agree that they shall not contest the validity of the Findings of Fact and
3 Conclusions of Law contained in this Order in any present or future proceeding in which the
4 Commission or any other state agency is a party concerning the denial or issuance of any license or
5 registration required by the state to engage in the practice of any business or profession.

6 6. By consenting to the entry of this Order, KING SOLOMON MINING, LLC,
7 DANIEL F. THOMPSON, SR. and ROBIN ANN THOMPSON agree not to take any action or to
8 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
9 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
10 basis. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN ANN
11 THOMPSON will undertake steps necessary to assure that all of their agents and employees
12 understand and comply with this agreement.

13 7. While this Order settles this administrative matter between KING SOLOMON
14 MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN ANN THOMPSON and the
15 Commission, they understand that this Order does not preclude the Commission from instituting
16 other administrative or civil proceedings based on violations that are not addressed by this Order.

17 8. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
18 ANN THOMPSON understand that this Order does not preclude the Commission from referring
19 this matter to any governmental agency for administrative, civil, or criminal proceedings that may
20 be related to the matters addressed by this Order.

21 9. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
22 ANN THOMPSON understand that this Order does not preclude any other agency or officer of the
23 state of Arizona or its subdivisions from instituting administrative, civil, or criminal proceedings
24 that may be related to matters addressed by this Order.

25 10. KING SOLOMON MINING, LLC and DANIEL F. THOMPSON, SR. agree that
26 they will not apply to the state of Arizona for registration as a securities dealer or salesman or for

1 licensure as an investment adviser or investment adviser representative until such time as all
2 penalties under this Order are paid in full.

3 11. KING SOLOMON MINING, LLC and DANIEL F. THOMPSON, SR. agree that
4 they will not exercise any control over any entity that offers or sells securities or provides
5 investment advisory services within or from Arizona until such time as all penalties under this
6 Order are paid in full.

7 12. DANIEL F. THOMPSON, SR. and ROBIN ANN THOMPSON acknowledge that
8 any penalties imposed by this Order are obligations of the KING SOLOMON MINING, LLC and
9 DANIEL F. THOMPSON, SR. as well as the marital community of DANIEL F. THOMPSON, SR.
10 and ROBIN ANN THOMPSON.

11 13. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
12 ANN THOMPSON consent to the entry of this Order and agree to be fully bound by its terms and
13 conditions.

14 14. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
15 ANN THOMPSON acknowledge and understand that if they fail to comply with the provisions of
16 the order and this consent, the Commission may bring further legal proceedings against them,
17 including application to the superior court for an order of contempt.

18 15. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
19 ANN THOMPSON understand that default shall render Respondent liable to the Commission for its
20 costs of collection and interest at the maximum legal rate.

21 16. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and ROBIN
22 ANN THOMPSON agree and understand that if they fail to make any payment as required in the
23 Order, any outstanding balance shall be in default and shall be immediately due and payable
24 without notice or demand. They agree and understand that acceptance of any partial or late
25 payment by the Commission is not a waiver of default by the Commission.
26

17. DANIEL F. THOMPSON, SR. represents that he is a member of KING SOLOMON MINING, LLC and has been authorized by KING SOLOMON MINING, LLC to enter into this Order for and on behalf of it.

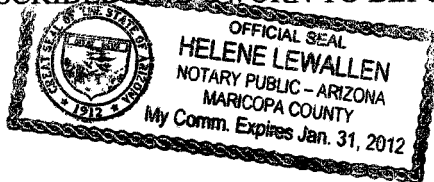
18. KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR., ROBIN ANN THOMPSON and LISA A. SHACKLEY understand and agree that LISA A. SHACKLEY be dismissed from this action without prejudice.

KING SOLOMON MINING, LLC

By: Daniel F. Thompson, Sr.
DANIEL F. THOMPSON, SR.
Its: Member

STATE OF ARIZONA)
) SS
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 8 day of February, 2011.



Helene Lewallen
NOTARY PUBLIC

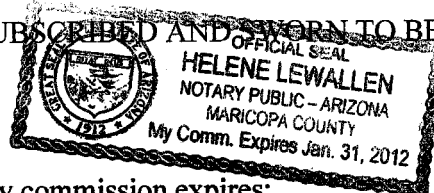
My commission expires:

1-31-2012

Daniel F. Thompson, Sr.
DANIEL F. THOMPSON, SR.

STATE OF ARIZONA)
) SS
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 8 day of February, 2011.



Helene Lewallen
NOTARY PUBLIC

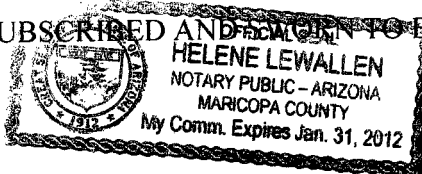
My commission expires:

1-31-2012

Robin A. Thompson
ROBIN ANN THOMPSON

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 8 day of February, 2011.



Helene Lewallen
NOTARY PUBLIC

My commission expires:

1-31-2012

LISA A SHACKLEY

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2011.

NOTARY PUBLIC

My commission expires:

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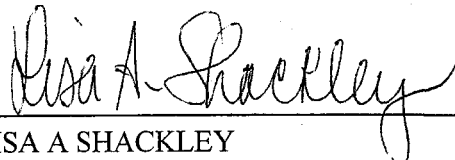
ROBIN ANN THOMPSON

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2011.


NOTARY PUBLIC

My commission expires:


LISA A SHACKLEY

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 9th day of Feb, 2011.


NOTARY PUBLIC

My commission expires:

Dec 24, 2011



SERVICE LIST FOR: KING SOLOMON MINING, LLC, DANIEL F. THOMPSON, SR. and
ROBIN ANN THOMPSON

DANIEL THOMPSON
13725 W. Cottonwood St.
Surprise, AZ 85374

ROBIN ANN THOMPSON
13725 W. Cottonwood St.
Surprise, AZ 85374

Lisa A. Shackley
6173 W. Kristal Way
Glendale, AZ 85308

By: _____